

**CITY OF MIDDLETOWN
MINUTES OF THE RETIREMENT BOARD
RESCHEDULED REGULAR QUARTERLY MEETING
FEBRUARY 11, 2014**

The rescheduled regular quarterly meeting of the Retirement Board of the City of Middletown was held in room 208 of the Municipal Building on Tuesday, February 11, 2014 at 4:00 pm.

Commission Members Present: Hope Kasper, Jim Reynolds, Steve Gomes, Chris Bourne, Sandra Russo-Driska, Carl Erlacher

City Employees Present: Diana Doyle, Brig Smith, Kori Wisneski, Ernie Cantwell (Fire)

Public/Other Present: Gerry Goldberg of Wells Fargo, Cynthia Christie & Bruce Barth of Robinson & Cole LLP

Commission Members Absent: Rich Simone, Mayor Daniel Drew

- Meeting was called to order at approximately 4:00 pm
- No public comments on the agenda
- **Minutes from December 11, 2013 Pension Board Meeting**
 - Steve motions to approve minutes and was seconded by Sandra
 - Approved unanimously
- **Pension Fund Review Update**
 - Attorneys Cynthia Christie and Bruce Barth from Robinson & Cole, LLP updated Board with their findings of the pension review thus far
 - Much discussion between Board and Attorneys about the Pension Ordinances
 - Bruce Barth confirmed there is existing language in the Ordinances that the Pension Board makes a recommendation of what contribution, if any, is needed to the Pension Fund and the Common Council shall comply with recommendation in the budget
 - Board wants Attorneys to draft language so the Ordinances provide clear identification that there is one (1) Pension Fund with three (3) distinct sub-groups
 - Sandra motions for Robinson & Cole to make recommendations on amending the Ordinances to bring Board in compliance with IRS and other relevant rules and keep the three (3) sub-groups separate and was seconded by Hope
 - Approved unanimously
- **Executive Session Outcome**
 - Sandra motions to go out of Executive Session and is seconded by Chris
 - Approved unanimously
 - Sandra motions to approve disability retirement of Steve Augeri *in accordance with the Pension Ordinance and Police Contract* and was seconded by Chris
 - Approved unanimously
- **Review of Investments**
 - Gerry begins discussion of Investment performance but is asked to suspend his presentation so that the Actuary Report can be voted on due to departure of Chris resulting in a loss of quorum
 - Sandra motions to address Agenda Item 7 (Review of Actuary Report) and was seconded by Hope
 - Approved unanimously
- **Review of Actuary Report** (report distributed with agenda at meeting)

- Carl refers to page 3 of Actuary Report, specifically the changes to the Police & Fire contributions for the 2014-15 budget; notes that the same assumptions used in the past were used again
- Diana notes that the Common Council honored the recommendation of the Board for the 2013-14 funding (the 2013-14 information included as comparison in Actuary Report)
- Carl continues that the Fund did well allowing for the Fire contribution to decrease though the Police contribution increased because of the number of disability retirements and the increase in new Officers
- Steve recalls the Board previously discussing the purchase of disability insurance; he is informed that the Police contract is being negotiated
- Discussion of report continues
- Chris motions to approve the report and send to Council and was seconded by Hope
- Approved unanimously

- **Review of Investments (cont.)**

- Gerry continues review and refers to Investment Performance on page 18 of the Wells Fargo 4th quarter report; the return for the quarter was 4.46% for the total plan, exceeding the benchmark
- Gerry reflects on specific performance of each investment noting that New Amsterdam was up 44.5% for the year and Philadelphia, currently on a “watch list”, was up 8.44% for the 4th quarter
- In re to Wells Fargo updating Capital Market assumptions, the expectations of return are less than expected in past; target/actuarial allocation of 7.6% rate of return v. current allocation of 7.4% are compared and discussed; to support a return of 7.5% suggests moving allocation closer to 60/40
- Gerry continues, discussing immunizing future liabilities to ensure certain number of years of projected outflows that there is fixed income matched off against the outflow
- if Board still feels comfortable immunizing number of years, it is recommended to incrementally “dial down” the expectation for return to phase in a supportable/attainable number – suggests 10 basis points per year
- Carl shares that the increase in annual pension outflow is up to \$14 million per year
- Gerry responds that the updated liabilities will cause the number of years immunized to be less
- Gerry suggests a more in depth conversation at next Pension Board meeting to discuss how to proceed with changes to allocation and the return on asset assumption decreasing

- **Treasurer’s Report**

- Carl recommends increasing the monthly transfer from Wells Fargo from \$750,000 to \$900,000 to accommodate the annual increase in pension outflow
- Sandra motions to approve the increase and was seconded by Steve
- Approved unanimously

- **Applications for Membership**

	<u>Start Date</u>	<u>Union</u>	<u>Department</u>
Ulyses Alvarez	1/6/14	Police	Police
Michael Bradley	11/18/13	466	Public Works
Timothy Fitzgerald	12/30/13	466	Public Works
Alex Foster	1/6/14	Police	Police
Adam Hobart	12/4/13	466	BOE
William Lardi	12/9/13	466	Public Works
Jesse Santostefano	1/6/14	Police	Police
James Termine	11/12/13	466	Public Works

- **Requests to Retire**

n/a

- **Disability Retirement**

n/a

- **Pension Refund**

n/a

- **Deceased Pensioners**

Angelina Emanuele

Virginia Pandolfo (benefits to spouse)

Annette Ward (benefits to spouse)

- **Adjournment**

- Sandra motions to adjourn and was seconded by Hope
- Approved unanimously

Respectfully submitted:

Carl R. Erlacher, Finance Director
Tracks MZ 70-89